

# ARIZONA CORRECTIONAL INDUSTRIES

## Annual Report – FY 2010

Dear Director Ryan:

A year ago in the 2009 annual report, we reflected on the impact of the recession and difficulties that all businesses faced in responding to one of the most challenging fiscal crises in the past 80 years. Despite these tumultuous times, we were able to report that we had not only survived – but thrived in FY 2009. Now, just a year later, I am extremely pleased to report that fiscal year 2010 was another year of great accomplishments with record revenue and earnings. ACI's revenues increased in sales by 3.7% to \$33,153,815 and net income was \$3,450,133.

In alignment with our mission, we continue to strive to keep inmates employed while providing them the opportunity to gain marketable job skills. In FY 2010, inmates worked a total of 1,116,875 hours in ACI Owned & Operated programs. In addition, inmates provided 2,079,731 hours of work to our Private Sector partners. A grand total of 3,196,606 hours were worked which is an average of 1,663 inmates employed full or part-time.

There are several critical areas that laid the foundation for ACI's success as it relates to growth and sustainability:

- Recognizing our social responsibility to the citizens of Arizona and the inmates that we train for their return to society.
- Our commitment to quality products and services.
- Strong financial performance that positively contributes to our success as a fully non-appropriated business, as well as the positive impact on the State of Arizona's economy.

As you are aware, ACI work programs are invaluable to the State of Arizona and our positive impact includes:

- Based on demand for raw materials and services generated by ACI, the Arizona State University WP Carey School of Business – Seidman Research Institute Study, estimates the economic impact to the state was \$186,424,774 and resulted in the creation of 1,774 jobs in the private sector.
- Inmate deductions totaling \$2,607,111 continue to support many funds and programs.
- Retention funds earned by the inmate workers assist them upon their release.

ACI employs 69 full-time and 4 part-time staff. Unique for Correctional Industries, ACI also employs 63 Industry Program Specialist (IPS) which replaced Correctional Officers, so that officers could return to institutional duties, while ACI fully covers the costs of security for work programs. The staff of ACI has sustained the highest revenue in relation to the number of full time employees amongst Correctional Industries in the nation.

In closing, we sincerely appreciate your leadership and support as ACI staff endeavor to achieve the Arizona Department of Corrections (ADC) mission of providing structured programming designed to support inmate accountability and successful community reintegration while being ever cognizant of our responsibility to serve and protect the people of Arizona.

Sincerely,



William Branson  
CEO/General Manager